

Vineyard Community Church and Affiliates

**Consolidated Financial Statements with
Accompanying Information
August 31, 2023 and 2022 and
Independent Auditors' Report**

VINEYARD COMMUNITY CHURCH AND AFFILIATES
August 31, 2023 and 2022

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Independent Auditors' Report

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

Opinion

We have audited the accompanying consolidated financial statements of Vineyard Community Church and Affiliates (a nonprofit organization) which comprise the consolidated statements of financial position as of August 31, 2023 and 2022, 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.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Vineyard Community Church and Affiliates as of August 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Vineyard Community Church and Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Vineyard Community Church and Affiliates' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying 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 21, 2023
Cincinnati, Ohio

VINEYARD COMMUNITY CHURCH AND AFFILIATES

**Consolidated Statements of Financial Position
August 31, 2023 and 2022**

	2023	2022
Assets		
Cash	\$ 3,164,149	\$ 3,702,172
Grants and contributions receivable, net	236,579	215,735
Investments	3,981,959	3,428,764
Inventory	68,586	62,819
Prepaid expenses	69,534	34,511
Right of use assets - operating leases	144,480	-
Property and equipment, net	16,040,271	16,243,994
Total assets	\$ 23,705,558	\$ 23,687,995
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 1,041,046	\$ 369,681
Accrued expenses	270,614	276,424
Lease liabilities - operating leases	155,378	-
Notes payable, net	6,489,530	6,994,392
Total liabilities	7,956,568	7,640,497
Net Assets		
Without donor restrictions		
Undesignated	5,247,890	6,165,613
Invested in property and equipment, net of related debt	9,550,741	9,249,602
Board designated	678,104	442,104
Total without donor restrictions	15,476,735	15,857,319
With donor restrictions		
	272,255	190,179
Total net assets	15,748,990	16,047,498
Total liabilities and net assets	\$ 23,705,558	\$ 23,687,995

See accompanying notes to consolidated financial statements

VINEYARD COMMUNITY CHURCH AND AFFILIATES

**Consolidated Statement of Activities
Year Ended August 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, gains and other support			
Contributions	\$ 8,207,621	\$ 317,975	\$ 8,525,596
Noncash contributions	1,994,321	-	1,994,321
Grants	170,954	75,000	245,954
Seminars, retreats, fees and other	96,630	-	96,630
The Café	10,987	-	10,987
Investment return	172,278	-	172,278
Net assets released from restrictions	310,899	(310,899)	-
	<u>10,963,690</u>	<u>82,076</u>	<u>11,045,766</u>
Expenses			
Programs	9,657,128	-	9,657,128
Administrative	1,502,144	-	1,502,144
Fundraising	185,002	-	185,002
	<u>11,344,274</u>	<u>-</u>	<u>11,344,274</u>
Change in net assets	(380,584)	82,076	(298,508)
Net assets, beginning of year	<u>15,857,319</u>	<u>190,179</u>	<u>16,047,498</u>
Net assets, end of year	<u><u>\$ 15,476,735</u></u>	<u><u>\$ 272,255</u></u>	<u><u>\$ 15,748,990</u></u>

See accompanying notes to consolidated financial statements

VINEYARD COMMUNITY CHURCH AND AFFILIATES

**Consolidated Statement of Activities
Year Ended August 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support			
Contributions	\$ 8,932,278	\$ 103,221	\$ 9,035,499
Noncash contributions	1,868,561	-	1,868,561
Grants	153,381	75,000	228,381
Seminars, retreats, fees and other	88,471	-	88,471
The Café	13,792	-	13,792
Investment return	19,315	-	19,315
Net assets released from restrictions	363,246	(363,246)	-
Total revenue, gains and other support	11,439,044	(185,025)	11,254,019
Expenses			
Programs	9,293,131	-	9,293,131
Administrative	1,290,706	-	1,290,706
Fundraising	109,726	-	109,726
Total expenses	10,693,563	-	10,693,563
Change in net assets	745,481	(185,025)	560,456
Net assets, beginning of year	15,111,838	375,204	15,487,042
Net assets, end of year	\$ 15,857,319	\$ 190,179	\$ 16,047,498

See accompanying notes to consolidated financial statements

VINEYARD COMMUNITY CHURCH AND AFFILIATES

Consolidated Statements of Functional Expenses Years Ended August 31, 2023 and 2022

	2023				2022			
	Program	Administrative	Fundraising	Total	Program	Administrative	Fundraising	Total
Salaries and related	\$ 3,557,370	\$ 998,692	\$ 85,456	\$ 4,641,518	\$ 3,610,674	\$ 808,088	\$ 42,006	\$ 4,460,768
Noncash donations	2,007,711	-	-	2,007,711	1,903,447	-	-	1,903,447
Depreciation and amortization	1,339,710	43,010	-	1,382,720	1,251,831	41,170	-	1,293,001
Professional fees	101,509	322,641	-	424,150	46,168	289,531	210	335,909
Facilities maintenance	324,436	10,034	-	334,470	325,704	8,627	-	334,331
Generosity	368,224	-	4,806	373,030	313,557	-	-	313,557
Interest	267,163	8,263	-	275,426	294,605	9,111	-	303,716
Rent and utilities	295,216	12,391	-	307,607	259,225	11,103	-	270,328
Regional support	227,031	-	-	227,031	243,761	-	-	243,761
Missions and outreach	365,294	245	483	366,022	254,663	-	-	254,663
Events	265,246	-	-	265,246	232,392	67	119	232,578
Production	92,885	-	-	92,885	123,982	46	-	124,028
Relationship development	57,136	1,465	597	59,198	82,573	432	19	83,024
Insurance	64,052	19,866	-	83,918	60,264	18,630	-	78,894
Fundraising	401	-	82,984	83,385	1,276	-	66,110	67,386
Equipment	14,802	44,983	-	59,785	7,119	59,172	-	66,291
Staff development	38,437	26,399	27	64,863	34,932	27,562	-	62,494
Volunteer recruiting and management	57,043	255	55	57,353	51,836	701	-	52,537
Advertising	33,330	2,465	-	35,795	39,751	3,124	-	42,875
Teaching resources	35,498	-	6,347	41,845	42,111	-	-	42,111
Hospitality	54,489	-	90	54,579	38,302	-	-	38,302
Office supplies	40,929	(3,147)	529	38,311	34,774	(1,927)	909	33,756
Printing	19,624	7,518	3,628	30,770	19,114	8,214	353	27,681
Ministry supplies	29,592	-	-	29,592	21,070	-	-	21,070
Property taxes	-	7,064	-	7,064	-	7,055	-	7,055
	<u>\$ 9,657,128</u>	<u>\$ 1,502,144</u>	<u>\$ 185,002</u>	<u>\$ 11,344,274</u>	<u>\$ 9,293,131</u>	<u>\$ 1,290,706</u>	<u>\$ 109,726</u>	<u>\$ 10,693,563</u>

See accompanying notes to consolidated financial statements

VINEYARD COMMUNITY CHURCH AND AFFILIATES

Consolidated Statements of Cash Flows Years Ended August 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ (298,508)	\$ 560,456
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	1,382,721	1,293,001
Net realized and unrealized gains on investments	(29,715)	(5,383)
Noncash lease expense	10,898	-
Changes in:		
Grants and contributions receivable, net	(20,844)	(79,664)
Inventory	(5,767)	49,122
Prepaid expenses	(35,023)	38,734
Accounts payable	671,365	122,750
Accrued expenses	(5,810)	39,685
	1,669,317	2,018,701
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(1,174,287)	(851,571)
Purchase of investments	(523,480)	(918,591)
	(1,697,767)	(1,770,162)
Net cash used in investing activities		
Cash flows from financing activities		
Principal payments on notes payable	(509,573)	(792,283)
	(509,573)	(792,283)
Net cash used in financing activities		
Net change in cash	(538,023)	(543,744)
Cash, beginning of year	3,702,172	4,245,916
Cash, end of year	\$ 3,164,149	\$ 3,702,172
Supplemental cash flows information		
Cash paid for interest	\$ 275,426	\$ 303,716

See accompanying notes to consolidated financial statements

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 offers practical, social, and spiritual support to individuals and families.

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 August 31, 2023 and 2022.

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 August 31, 2023 and 2022.

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 consolidated 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, 2023 and 2022.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and lease liabilities on the consolidated statement of financial position. Finance leases are included in property and equipment and lease liabilities in the consolidated statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense is recognized on a straight-line basis over the lease term.

VINEYARD COMMUNITY CHURCH AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if they have obtained substantially all of the rights to the underlying assets through exclusivity, if they can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

The Organization has elected to apply the short-term lease practical exemption to all classes of underlying assets.

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 consolidated 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.

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 consolidated 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 consolidated financial statements in the year given away.

VINEYARD COMMUNITY CHURCH AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 consolidated 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 consolidated financial statements.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated 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 consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Effect of Adopting New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases* which created Accounting Standards Codification (ASC) 842. This ASU requires organizations that lease assets to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The Organization has adopted ASC 842 on September 1, 2022. The Organization recorded operating lease right-of-use (ROU) assets of \$172,322 and lease liabilities of \$183,119. The standard had a material impact on the Organization's consolidated statement of financial position but did not have a significant impact on its consolidated statement of activities, nor statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while its accounting for finance leases remained substantially unchanged.

VINEYARD COMMUNITY CHURCH AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Event Evaluation

In preparing its consolidated financial statements, Vineyard has evaluated events subsequent to the consolidated statement of financial position date through December 21, 2023, which is the date the consolidated financial statements were available to be issued.

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:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash	\$ 3,164,149	\$ 3,702,172
Grants and contributions receivable	236,579	215,735
Investments	<u>3,981,959</u>	<u>3,428,764</u>
Total financial assets	7,382,687	7,346,671
Less those unavailable for general expenditures:		
Board designated net assets	(678,104)	(442,104)
Donor-restricted net assets	<u>(272,255)</u>	<u>(190,179)</u>
	<u>\$ 6,432,328</u>	<u>\$ 6,714,388</u>

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, U.S. Treasury securities 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 consolidated financial statements of Vineyard are prepared on an accrual basis, all earned portions of the grants not yet received as of August 31, 2023 and 2022, have been recorded as receivables. All receivables are expected to be received within one year of the consolidated financial statement date. No reserve for uncollectable amounts has been recorded as of August 31, 2023 and 2022.

VINEYARD COMMUNITY CHURCH AND AFFILIATES

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

NOTE 4 INVESTMENTS AT FAIR VALUE

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

	<u>2023</u>	<u>2022</u>
Level 1		
Fixed income mutual funds	\$ 1,657,103	\$ 1,588,570
Equities	7,100	22,760
Level 2		
U.S. Treasury securities	1,488,085	994,010
Money market funds	<u>829,671</u>	<u>823,424</u>
	<u>\$ 3,981,959</u>	<u>\$ 3,428,764</u>

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 U.S. Treasury securities and money market funds.

NOTE 5 PROPERTY AND EQUIPMENT

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

	<u>2023</u>	<u>2022</u>
Buildings and improvements	\$ 27,932,529	\$ 27,473,405
Equipment	5,415,517	4,918,223
Furniture and fixtures	1,611,273	1,611,273
Land improvements	1,967,723	1,764,265
Land	1,441,350	1,441,350
Vehicles	139,509	139,509
Less accumulated depreciation	<u>(22,467,630)</u>	<u>(21,104,031)</u>
	<u>\$ 16,040,271</u>	<u>\$ 16,243,994</u>

VINEYARD COMMUNITY CHURCH AND AFFILIATES

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

NOTE 6 LEASES

The Organization has long-term leases for certain office equipment and land expiring at various dates through October 2030. The operating lease liabilities have a weighted-average remaining lease term of 50 months and were calculated using a weighted-average discount rate of 3.35%. Operating lease expense was \$41,333 and cash flows were \$33,367 for the year ended August 31, 2023.

Future minimum lease payments as of August 31, 2023 are as follows:

2024	33,367
2025	33,367
2026	27,175
2027	17,849
2028	17,849
Thereafter	40,160
Less: discount applied	<u>(14,389)</u>
	<u><u>\$ 155,378</u></u>

NOTE 7 NOTES PAYABLE

Notes payable as of August 31 consisted of the following:

	2023	2022
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.	\$ 5,167,400	\$ 5,405,956
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.	<u>1,394,314</u>	<u>1,665,331</u>
	6,561,714	7,071,287
Less debt issuance cost, net of amortization	<u>(72,184)</u>	<u>(76,895)</u>
	<u><u>\$ 6,489,530</u></u>	<u><u>\$ 6,994,392</u></u>

Debt issuance costs of \$93,648 was recognized for both years ended August 31, 2023 and 2022, respectively, as a reduction to the face amount of the notes payable. Amortization of debt issuance costs of \$4,711 was reported as interest expense during 2023 and 2022. Future minimum principal payments as of August 31, 2023 were \$6,561,714 in 2024.

VINEYARD COMMUNITY CHURCH AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
The Healing Center	\$ 166,922	\$ 114,840
Short term missions	29,994	-
World missions	53,174	53,174
Scholarships and other	21,061	21,061
Financial Peace University Scholarships	1,104	1,104
	\$ 272,255	\$ 190,179

NOTE 9 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:

	2023	2022
World missions	\$ -	\$ 175,990
The Healing Center	257,018	131,913
Adoption program	53,000	25,000
Campus update	-	23,298
Scholarships and other	-	6,164
Short term missions	881	881
	\$ 310,899	\$ 363,246

NOTE 10 NONCASH DONATIONS

Noncash donations are recorded in the consolidated financial statements as revenue, gains and other support and as an expense. All noncash donations for 2023 and 2022 are without donor restrictions are used for the Healing Center's mission. Noncash donations for the period ended August 31, 2023 and 2022, included in the consolidated financial statements, were as follows:

	2023	2022
Food	\$ 1,887,606	\$ 1,737,819
Clothing	59,400	54,000
Emergency Food Pantry credits	47,315	76,742
	\$ 1,994,321	\$ 1,868,561

VINEYARD COMMUNITY CHURCH AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 10 NONCASH DONATIONS (CONTINUED)

Food is valued at the estimated average fair value of one pound of donated product at a value of \$1.79 per pound for the fiscal years ending August 31, 2023 and 2022. The values were determined based on a national nonprofit emergency food and services provider's calculated estimate.

Clothing is valued at an estimated value of \$500 per bin of clothing received for both fiscal years ending August 31, 2023 and 2022. This value was determined by taking the average amount of clothing per bin, which is approximately 500, and valuing each article of clothing at \$1.00.

The Healing Center receives Emergency Food Pantry credits from a local nonprofit emergency food and service provider. The value of credits received each year is determined and provided by the local nonprofit emergency food and service provider.

NOTE 11 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, Vineyard will match 100% on up to 4% of the employee's annual salary, and 50% on amounts exceeding 4% up to 6%. Vineyard made \$129,310 and \$111,138 in contributions to the plan for the years ended August 31, 2023 and 2022, respectively.

ACCOMPANYING INFORMATION

VINEYARD COMMUNITY CHURCH AND AFFILIATES

Consolidating Statement of Financial Position August 31, 2023

	Vineyard Community Church	Healing Center	Eliminations	Total
Assets				
Cash	\$ 2,856,546	\$ 307,603	\$ -	\$ 3,164,149
Grants and contributions receivable, net	156,777	95,401	(15,599)	236,579
Investments	3,981,959	-	-	3,981,959
Inventory	-	68,586	-	68,586
Prepaid expenses	69,534	-	-	69,534
Right of use assets - operating leases	144,480	-	-	144,480
Property and equipment, net	15,696,099	344,172	-	16,040,271
	<u>\$ 22,905,395</u>	<u>\$ 815,762</u>	<u>\$ (15,599)</u>	<u>\$ 23,705,558</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable	\$ 963,978	\$ 92,667	\$ (15,599)	\$ 1,041,046
Accrued expenses	245,181	25,433	-	270,614
Lease liabilities - operating leases	155,378	-	-	155,378
Notes payable, net	6,489,530	-	-	6,489,530
	<u>7,854,067</u>	<u>118,100</u>	<u>(15,599)</u>	<u>7,956,568</u>
Net Assets				
Without donor restrictions				
Undesignated	4,717,150	530,740	-	5,247,890
Invested in property and equipment, net of related debt	9,550,741	-	-	9,550,741
Board designated	678,104	-	-	678,104
	<u>14,945,995</u>	<u>530,740</u>	<u>-</u>	<u>15,476,735</u>
With donor restrictions	<u>105,333</u>	<u>166,922</u>	<u>-</u>	<u>272,255</u>
	<u>15,051,328</u>	<u>697,662</u>	<u>-</u>	<u>15,748,990</u>
	<u>\$ 22,905,395</u>	<u>\$ 815,762</u>	<u>\$ (15,599)</u>	<u>\$ 23,705,558</u>

See independent auditors' report

VINEYARD COMMUNITY CHURCH AND AFFILIATES

Consolidating Statement of Activities Year Ended August 31, 2023

	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	\$ 8,201,083	\$ 83,875	\$ 8,284,958	\$ 400,838	\$ 234,100	\$ 634,938	\$ (394,300)	\$ 8,207,621	\$ 317,975	\$ 8,525,596
In-kind contributions - related party	-	-	-	421,255	-	421,255	(421,255)	-	-	-
Noncash contributions	-	-	-	1,994,321	-	1,994,321	-	1,994,321	-	1,994,321
Grants	-	-	-	170,954	75,000	245,954	-	170,954	75,000	245,954
Seminars, retreats, fees and other	540,619	-	540,619	14,766	-	14,766	(458,755)	96,630	-	96,630
The Café	10,987	-	10,987	-	-	-	-	10,987	-	10,987
Investment return	172,278	-	172,278	-	-	-	-	172,278	-	172,278
Net assets released from restrictions	53,881	(53,881)	-	257,018	(257,018)	-	-	310,899	(310,899)	-
Total revenue, gains and other support	8,978,848	29,994	9,008,842	3,259,152	52,082	3,311,234	(1,274,310)	10,963,690	82,076	11,045,766
Expenses										
Program	7,640,308	-	7,640,308	3,081,933	-	3,081,933	(1,065,113)	9,657,128	-	9,657,128
Administrative	1,499,389	-	1,499,389	211,952	-	211,952	(209,197)	1,502,144	-	1,502,144
Fundraising	130,629	-	130,629	54,373	-	54,373	-	185,002	-	185,002
Total expenses	9,270,326	-	9,270,326	3,348,258	-	3,348,258	(1,274,310)	11,344,274	-	11,344,274
Change in net assets	(291,478)	29,994	(261,484)	(89,106)	52,082	(37,024)	-	(380,584)	82,076	(298,508)
Net assets, beginning of year	15,237,473	75,339	15,312,812	619,846	114,840	734,686	-	15,857,319	190,179	16,047,498
Net assets, end of year	\$ 14,945,995	\$ 105,333	\$ 15,051,328	\$ 530,740	\$ 166,922	\$ 697,662	\$ -	\$ 15,476,735	\$ 272,255	\$ 15,748,990

See independent auditors' report