



ASCENT COMMUNITY
CHURCH AND AFFILIATE

Consolidated Financial Statements
With Independent Accountants'
Review Report

June 30, 2022 and 2021

ASCENT COMMUNITY CHURCH AND AFFILIATE

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Leadership Team
Ascent Community Church and Affiliate
Louisville, Colorado

We have reviewed the accompanying consolidated financial statements of Ascent Community Church and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Church's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement 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 consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

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

Capin Crouse LLP

Centennial, Colorado
December 7, 2022

ASCENT COMMUNITY CHURCH AND AFFILIATE

Consolidated Statements of Financial Position

	June 30,	
	2022	2021
ASSETS:		
Cash and cash equivalents	\$ 1,635,223	\$ 950,141
Restricted cash	648,195	494,265
Prepaid expenses and other assets	33,080	39,033
Land held for sale	-	193,494
Property and equipment—net	7,340,263	7,367,100
Total Assets	\$ 9,656,761	\$ 9,044,033
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 90,186	\$ 27,927
Accrued expenses and other liabilities	64,311	50,070
Mortgage payable—net	4,074,068	4,068,899
Total liabilities:	4,228,565	4,146,896
Net assets:		
Without donor restrictions	5,143,071	4,851,358
With donor restrictions	285,125	45,779
Total net assets:	5,428,196	4,897,137
Total Liabilities and Net Assets	\$ 9,656,761	\$ 9,044,033

See accompanying notes and independent accountants' review report

ASCENT COMMUNITY CHURCH AND AFFILIATE

Consolidated Statements of Activities

For the Year Ended June 30,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 1,525,043	\$ 795,571	\$ 2,320,614	\$ 1,560,837	\$ 384,359	\$ 1,945,196
Grant income	-	-	-	-	200,000	200,000
Rental and other income	271,499	-	271,499	157,291	-	157,291
Total Support and Revenue	1,796,542	795,571	2,592,113	1,718,128	584,359	2,302,487
NET ASSETS RELEASED FROM:						
Purpose restrictions	556,225	(556,225)	-	577,378	(577,378)	-
EXPENSES:						
Salaries and benefits	929,874	-	929,874	884,075	-	884,075
Depreciation and interest	295,737	-	295,737	398,315	-	398,315
Contributions to others	257,087	-	257,087	94,232	-	94,232
Events and supplies	207,086	-	207,086	203,347	-	203,347
Facilities and maintenance	191,421	-	191,421	203,080	-	203,080
Office and professional fees	132,510	-	132,510	108,404	-	108,404
Travel and retreats	47,339	-	47,339	-	-	-
Total Expenses	2,061,054	-	2,061,054	1,891,453	-	1,891,453
Change in Net Assets	291,713	239,346	531,059	404,053	6,981	411,034
Net Assets, Beginning of Year	4,851,358	45,779	4,897,137	4,447,305	38,798	4,486,103
Net Assets, End of Year	<u>\$ 5,143,071</u>	<u>\$ 285,125</u>	<u>\$ 5,428,196</u>	<u>\$ 4,851,358</u>	<u>\$ 45,779</u>	<u>\$ 4,897,137</u>

See accompanying notes and independent accountants' review report

ASCENT COMMUNITY CHURCH AND AFFILIATE

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 531,059	\$ 411,034
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	113,557	113,836
Amortization of loan fees	5,169	5,169
Contributions restricted for long-term purposes	(228,588)	(289,287)
Forgiveness of Paycheck Protection Program loan	-	(200,000)
Loss on sale of land held for sale and property and equipment	3,069	6,940
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	5,953	(35,853)
Accounts payable	62,259	(12,710)
Accrued expenses and other liabilities	14,241	(21,303)
Net Cash Provided (Used) by Operating Activities	506,719	(22,174)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property	191,652	120,000
Purchases of property and equipment	(87,947)	(226,739)
Net Cash Provided (Used) by Investing Activities	103,705	(106,739)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	-	200,000
Contributions restricted for long-term purposes	228,588	289,287
Net Cash Provided by Financing Activities	228,588	489,287
Net Change in Cash, Cash Equivalents, and Restricted Cash	839,012	360,374
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	1,444,406	1,084,032
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 2,283,418	\$ 1,444,406
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH CONSIST OF:		
Cash and cash equivalents	\$ 1,635,223	\$ 950,141
Restricted cash	648,195	494,265
	\$ 2,283,418	\$ 1,444,406
SUPPLEMENTAL DISCLOSURE AND NON-CASH ITEMS:		
Cash paid for interest	\$ 177,011	\$ 279,310
Transfer of land held for investment to land held for sale	\$ -	\$ 193,494
Mortgage payable pay-off from sale of land held for sale	\$ -	\$ 3,024,046

See accompanying notes and independent accountants' review report

ASCENT COMMUNITY CHURCH AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

1. NATURE OF ORGANIZATION:

Ascent Community Church (the Organization) strives to be a church where people can find Jesus and develop great friendships. We believe in being *accessible* to anyone despite their church background, *generous* to the community and world around us, *inspiring* toward following Jesus, *personal* in building relationships and *risk taking* by trusting God to do things bigger than we can control.

The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, the Organization is subject to federal income tax on any unrelated business taxable income. In addition, the Organization is not classified as a private foundation within the meaning of Section 509(c) of the IRC.

During the year ended June 30, 2020, the Organization created a 501(c)(2) title holding corporation called 550 McCaslin Holding Company (MHC) with the purpose of holding the Organization's real estate assets.

Collectively, MHC and the Organization are referred to as the Church. All intercompany transactions have been eliminated within these consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements of the Church have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader. The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in checking and savings accounts. These accounts may at times exceed federally insured limits, of which approximately \$2,057,000 and \$1,213,000 was uninsured as of June 30, 2022 and 2021, respectively, including restricted cash. The Church has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk.

RESTRICTED CASH

Restricted cash consists of cash restricted by the lender as collateral to their mortgage payable.

LAND HELD FOR SALE

Land held for sale consisted of land in Louisville, Colorado and was recorded at the lower of book value or net realizable value. During the year ended June 30, 2022, the Church sold the land resulting in a loss of \$1,842.

ASCENT COMMUNITY CHURCH AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY AND EQUIPMENT

Expenditures for property and equipment greater than \$2,500 and \$5,000, for the Organization and MHC, respectively, are capitalized at cost. Donated items are recorded at fair market value on the date of the gift. Depreciation is computed on the straight line method over the estimated useful lives of the assets. Estimated useful lives range from three to forty years.

CLASSES OF NET ASSETS

The consolidated financial statements report amounts by class of net assets:

Net assets without donor restrictions are those resources currently available for operations under the direction of the leadership team.

Net assets with donor restrictions are those resources restricted by donors for specific purposes.

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when cash or other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

During the year ended June 30, 2021, the Church received a second Paycheck Protection Program (PPP) loan from the US Small Business Administration. The Church incurred the necessary underlying costs and met the barriers for recognition during the year ended June 30, 2021 and therefore the revenue is recorded as grant income on the consolidated statement of activities. The Church received official forgiveness of their second PPP loan during the year ended June 30, 2022.

Rental and other income primarily includes income from renting space in their building and a gain on insurance proceeds due to fire damage. Income is recorded when earned. During the year ended June 30, 2022, the Church had a large insurance claim due to smoke damage from a fire resulting in \$1,668,000 of insurance proceeds. A gain of \$112,181 has been recorded with rental and other income on the statements of activities for the year ending June 30, 2022. Expenses are recorded when incurred.

ASCENT COMMUNITY CHURCH AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program services and supporting activities have been summarized on a functional basis within Note 7 of the consolidated financial statements. Accordingly, certain costs such as depreciation and facilities, have been allocated based on a square footage allocation. Salaries and benefits were allocated based on estimated time and effort. The major program activities of the Church consist of weekly services, adult, youth, and children's ministry.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Church's financial assets reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	June 30,	
	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 1,635,223	\$ 950,141
Restricted cash	648,195	494,265
Financial assets, at year-end	<u>2,283,418</u>	<u>1,444,406</u>
Less those unavailable for general expenditure within one year, due to:		
Donor restrictions not expected to be met within one year	(90,000)	-
Cash restricted for purposes other than general expenditure	<u>(648,195)</u>	<u>(494,265)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,545,223</u>	<u>\$ 950,141</u>

The Church structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management monitors cash flows closely through monthly reviews and leadership team meetings.

ASCENT COMMUNITY CHURCH AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

4. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consists of the following:

	June 30,	
	2022	2021
Land	\$ 3,000,000	\$ 3,000,000
Building and improvements	4,103,985	4,103,985
Furniture and equipment	130,440	118,880
	<u>7,234,425</u>	<u>7,222,865</u>
Less accumulated depreciation	(347,459)	(249,239)
	<u>6,886,966</u>	<u>6,973,626</u>
Construction in progress	453,297	393,474
	<u>\$ 7,340,263</u>	<u>\$ 7,367,100</u>

5. MORTGAGE PAYABLE–NET:

MHC has a mortgage payable with monthly principal and interest payments beginning October 2023. Interest only payments are made monthly until this time. The interest rate is fixed at 4.25%. The mortgage is secured by the property and equipment and matures September 2041.

Capitalized loan fees are recorded at cost and amortized on a straight-line basis over the term of the debt agreement. Amortization expense was \$5,169, for the year ended June 30, 2022 and 2021. Accumulated amortization was \$12,492 and \$5,169, as of June 30, 2022 and 2021, respectively.

Mortgage payable–net, consists of the following:

	June 30,	
	2022	2021
Mortgage payable	\$ 4,164,954	\$ 4,164,954
Less loan origination fees–net	<u>(90,886)</u>	<u>(96,055)</u>
	<u>\$ 4,074,068</u>	<u>\$ 4,068,899</u>

ASCENT COMMUNITY CHURCH AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

5. MORTGAGE PAYABLE–NET, continued:

Future minimum payments are:

<u>Year Ending June 30,</u>	
2023	\$ -
2024	313,677
2025	434,067
2026	452,879
2027	472,505
Thereafter	<u>2,491,826</u>
	<u>\$ 4,164,954</u>

The Church is in compliance with all financial and reporting covenants as of June 30, 2022 and 2021.

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets without donor restrictions consist of:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Fire Response	\$ 194,030	\$ -
Missions	61,657	30,700
Other	<u>29,438</u>	<u>15,008</u>
	<u>\$ 285,125</u>	<u>\$ 45,708</u>

ASCENT COMMUNITY CHURCH AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

7. FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing program services and supporting activities have been summarized on a functional basis below. Functional expenses are:

	Year Ended June 30, 2022			Total Expenses
	Program Services	Supporting activities:		
		General and Administrative	Fundraising	
Salaries and benefits	\$ 872,780	\$ 57,094	\$ -	\$ 929,874
Depreciation and interest	289,822	5,915	-	295,737
Contributions to others	257,087	-	-	257,087
Events and supplies	203,060	4,026	-	207,086
Facilities and maintenance	187,593	3,828	-	191,421
Office and professional fees	30,572	101,938	-	132,510
Travel and retreats	47,339	-	-	47,339
	\$ 1,888,253	\$ 172,801	\$ -	\$ 2,061,054

	Year Ended June 30, 2021			Total Expenses
	Program Services	Supporting activities:		
		General and Administrative	Fundraising	
Salaries and benefits	\$ 819,736	\$ 64,339	\$ -	\$ 884,075
Depreciation and interest	390,349	7,966	-	398,315
Contributions to others	94,232	-	-	94,232
Events and supplies	200,034	3,110	203	203,347
Facilities and maintenance	199,018	4,062	-	203,080
Office and professional fees	82,577	24,746	1,081	108,404
	\$ 1,785,946	\$ 104,223	\$ 1,284	\$ 1,891,453

8. DEFINED CONTRIBUTION PLAN:

The Church maintains a 403(b) defined contributions retirement plan. All employees are eligible to participate. During year ended June 30, 2022 and 2021, the Church made employer contributions of \$23,478 and \$17,200 to the pension plan, respectively.

ASCENT COMMUNITY CHURCH AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

9. LEASE INCOME:

The Church leases a portion of its building to various organizations. Rental income for the year ended June 30, 2022 was \$149,089. The Church has entered into a lease agreement which ends May 2023. Future minimum receipts under this non-cancellable agreement are \$88,000 during the year ended June 30, 2023. Other lease agreements are month to month contracts.

10. RELATED PARTY COMMITMENT:

During the year ending June 30, 2021, the Church signed a letter of intent to sell 78,000 of the existing 133,00 square foot property. The intended buyer is a former member of the Church's leadership team. The purchase price of the property is \$4,285,000. As of June 30, 2022, it is unclear when the sale will close. The sale is dependent on rezoning of the property for recreational uses. Due to the sale being contingent, the property is not available for immediate sale in its present condition and does not meet the criteria for property held for sale.

11. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the world. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Church for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

12. SUBSEQUENT EVENTS:

Subsequent events were evaluated through December 7, 2022, which is the date the consolidated financial statements were available to be issued.